

REMARKS

Applicant has made minor clarifying changes to the claims.

The examiner rejected Claims 1 to 16 under 35 U.S.C. § 103(a) over "Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change and Amendment No. 1 to the Proposed Rule Change by National Association of Securities Dealers, Inc. Relating to Locked and Crossed markets that Occur at or Prior to the Market's Open" in the June 10, 1999 Federal Register (Vol. 64 No. 111) ("Federal Register") in view of "Wall Street Letter."

The Examiner contends that Federal Register discloses "... executing the order against the quote at the side of the market that was locked or crossed (p31336)". If the order is not filled, the order is reformatted as a displayable quote." The Examiner acknowledges that the Federal Register reference does not disclose "formatting the quote as a market liability order." The Examiner contends that Wall Street Letter teaches that formatting quotes as orders is common in the art.

Applicant contends that Federal Register neither describes nor suggests formatting the quote as a marketable limit order and routing the order to a market participant whose quote was locked or crossed, as recited in claim 1. To the contrary, the Federal Register describes sending a Trade-or-Move Message if the market is locked or crossed. A Trade-or-Move message either results in a trade in full (i.e., for the full quote size of the crossing or locking quote) with the market maker whose quotes is locked or crossed, or requires that the market maker whose quote is locked or crossed move the quote out of the way (i.e., move the price either up if an offer or down if a bid by 1 quotation increment). Neither of these events, i.e., trading in full or moving the quote suggest to "formatting the quote as a marketable limit order and routing the order to a market participant whose quote was locked or crossed."

What Federal Register does teach is that the party that locks or crosses the market must send a message via SelectNet (a negotiation system) that will notify the other parties to the lock/cross to either "Trade in full or Move their quote.

The examiner cites Wall Street as teaching that formatting quotes as orders is common in the art. Wall Street has no such teaching. Wall Street deals with a situation call "SOES out of

the box” and a market maker’s obligation to maintain a two sided quote or risk being placed in a penalty situation, e.g., suspended from making a market in the specific security. Thus, in no sense does Wall Street suggest: “formatting the quote as a marketable liability order and routing the order to a market participant whose quote was locked or crossed.”

Claims 2-10 contain additional distinguishing limitations. For instance Claim 3 further limits the action of routing to routing the formatted order to the market participant next in time whose quote would be locked if the quote is entered in the system. This is not suggested in the references.

Claim 8, which depends on claim 7 further distinguishes by reciting that if the order was not filled ... reformatting the order as a displayable quote on the side of the market of the order. Claim 9 recites formatting ... formats the quote as a marketable limit order that is entered into the execution system as the marketable liability order.

Independent Claim 11 distinguishes over the references by reciting ... a quote formatter that receives a quote ... and reformats the quote as a marketable limit order and a routing process that routes the formatted quote as a marketable limit order to a market participant whose quote was locked or crossed.

Claims 12 and 13 further distinguish by reciting that the routing process routes the formatted order to the market participant next in time Claim 16 distinguishes by reciting if the reformatted order was not filled, the determining process, reformats the order as a displayable quote on the side of the market of the order.

Applicant has added new claims 17-22 directed to a computer program product implementation of the invention and which recites instructions to determine that a quote if entered, would lock or cross other quotes in the market and format the quote as a marketable liability order and route the order to a market participant whose quote was locked or crossed for execution in time priority.

For the reasons generally discussed above, it is submitted that claim 17-22 are also distinct from the references.

Applicant : Stuart Serkin et al.
Serial No. : 09/401,892
Filed : September 23, 1999
Page : 8

Attorney's Docket No.: 09857-031001

In view of the foregoing amendments and remarks, the entire application is believed to be in condition for allowance and such action is respectfully requested at the Examiner's earliest convenience.

All correspondence should be directed to the undersigned at the address shown below. Applicants' undersigned attorney can be reached by telephone at the number shown below. Applicants' attorney requests that the spelling of his first name on all future USPTO correspondence be corrected to reflect the undersigned name "Denis G. Maloney."

20564133.doc